DOCUMENT RESUME

ED 270 245 RC 015 729

AUTHOR Sher, Jonathan P.; Schaller, Karin
TITLE Heavy Meddle: A Critique of the North Carolina Department of Public Instruction's Plan to Mandate School District Mergers Throughout the State.
INSTITUTION Rural Education and Development, Inc., Chapel Hill, NC.
SPONS AGENCY North Carolina School Boards Association, Raleigh.
PUB DATE Apr 86
NOTE 50p.
AVAILABLE FROM North Carolina School Boards Association, P. O. Box 27963, Raleigh, NC 27611 ($3.50 ea., 10 copies or more, $2.50 ea.).
PUB TYPE Reports - Evaluative/Feasibility (142)

EDRS PRICE MF01 Plus Postage. PC Not Available from EDRS.
DESCRIPTORS Consolidated Schools; Educational Policy; Elementary Secondary Education; Equal Education; Mergers; Public Policy; Rural Education; *School District Autonomy; *School District Reorganization; *School Size; *Self Determination; Small Schools; *State Programs; *State School District Relationship
IDENTIFIERS *North Carolina

ABSTRACT

At the request of the North Carolina School Boards Association, a nationally recognized expert on school and school district consolidation evaluated the 1986 North Carolina Department of Public Instruction (DPI) plan for school district consolidation from the perspective of economic, educational, and social/political considerations, including the issues of fiscal and racial equality. Findings indicated (1) that the DPI failed to demonstrate that mergers will advocate any compelling state interest; (2) there is no solid foundation for the belief that elimination of school districts will improve education, enhance cost-effectiveness, or promote greater equality; and , (3) except for extraordinary circumstances, district reorganization should remain a voluntary decision of local voters and school boards. The report makes the following major points/suggestions: (1) complex, far-reaching merger decisions should be made on a case-by-case basis; (2) since good schools/school districts come in all shapes and sizes, educational policies relying on rigid size/organization criteria are likely to have counterproductive effects; (3) since mandatory mergers will not advance any compelling state interest, "back door" consolidation approaches should be discontinued; (4) alternatives to consolidation can expand educational opportunities and enhance cost-effectiveness; and (5) issues like mergers usually are a diversion from the greater tasks of finding new ways to positively influence children's lives and increase teacher effectiveness. (NEC)

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HEAVY MEDDLE

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RC015729

Published by: North Carolina School Boards Association
311 East Edenton Street
P.O. Box 27963 (zip 27611)
Raleigh, North Carolina 27602
(919)832-7024
Artist: Deborah L. Graham
Typography: Deborah L. Graham

Printed by: North Carolina School Boards Association

HEAVY METTLE

A Critique of the North Carolina Department of Public Instruction's Plan To Mandate School District Mergers Throughout the State

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APRIL, 1986

Dr. *Jonathan* P. *Sher* is the President of Rural Education and Development, Inc. — a research and consulting firm based in Chatham County, North Carolina. The author of two books and dozens of articles on education and economic development, he has worked in North Carolina since 1980 — first as a visiting scholar at the University of North Carolina in Chapel Hill, and then, as the Associate Dean for Research and Graduate Studies at North Carolina State University's School of Education. Prior to coming to our state, Dr. Sher worked with such institutions as the Center for Educational Research and Innovation (Paris, France) and both the National Rural Center and the National Conference of State Legislatures (Washington, D.C.). Jonathan received his doctorate in Educational Administration, Planning and Social Policy from Harvard University.

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FOREWORD

By
Dr. Gene Causby
Executive Director
NCSBA

The issue of school and school system consolidation has long been a topic that has promoted much debate and no small amount of emotion. The North Carolina School Boards Association has consistently held that decisions relative to school organization can best be made at the local level. This position is based on the conviction that there is no conclusive evidence that size alone is a major fact in determining the quality of a school or school system. We are also convinced that public support is a major factor in successful schools and feel that needed support will be enhanced by a local decision and seriously eroded if school systems are forced to merge. That is not to say we are opposed to merge. We are not! We have attempted to offer assistance to those systems that are considering merger and will continue to do so. In addition, we periodically offer clinics on merger at our district and state meetings designed to be of help to local boards in making this decision.

Recently, the State Board of Education was provided a requested report on school organization. We felt the report did not offer evidence to justify its findings that "it is an inescapable conclusion that there should be no more than one school system per county and that the questions which relate to the size and efficiency of small county administrative units should be addressed in future years." We felt that it was crucial that State Board members and other decision makers needed a serious critique of that report before they took action that could, regardless of how well-intended, do serious harm to education in North Carolina.

As we searched for a proper and responsible way to respond to the study, we reviewed some of the literature. I happened on the book, ***Investing In People***, by Theodore W. Schultz, a Nobel laureate in economics. The book is based on the 1980 Royer Lectures and included a chapter entitled "Distortions of Schooling." In that chapter, I read:

" *The supply of rhetoric about efficiency in education is very large. The supply of competent studies of efficiency in education is miniscule. In determining the efficiency of any school system in producing educational services, we must ascertain the economics of the scale of that system. The analytical task is neither simple nor easy, but the costs of the services that enter into education and the value of the services that are produced depend in no small part on the scale of the educational enterprise.*

" *What we have is rarely the optimum scale. Although I do not believe that small is necessarily beautiful, and it can be expensive, the belief that bigger is better must be challenged. The review of the sparce literature and the conclusions of Sher and Tompkins, who find that the premise that supports the widely accepted view that 'bigger is better' is untenable, are a useful contribution."*

I later learned that Sher referred to was Jonathan Sher who is the President of Rural Education and Development, Inc., based in Chatham County, North Carolina. I also learned that Jonathan had been guest editor for ***Phi Delta Kappan*** Magazine for the December 1983 issue warning of the potential danger of too much standardization of schooling. We persuaded Jonathan to do the critique and I feel he has done a masterful job as we had expected. We are most grateful to him for his time and efforts.

In the last few years, much attention and scrutiny has been directed at public education. Both have been welcomed and encouraged. Much has been done to improve our schools. Much remains to be done. If the efforts alienate people by reducing even further their ability to influence their schools, the schools themselves and their students will be the losers. I am convinced that the existing provisions in place in North Carolina for school merger are adequate and appropriate. I further believe that local officials and citizens are perfectly capable of making responsible decisions and have demonstrated that over a long period of time. This report shows convincingly that a state policy of forced merger (direct or indirect) is ill-advised. I urge all involved in education to read it thoughtfully and let's get on with issues that are more deserving and have real potential to continue the improvement of our public schools.

INTRODUCTION

By:
Dr. Jonathan Sher
Author

The issue of school and district consolidation has long fascinated me. My first investigation of the subject began fifteen years ago in an attempt to solve a puzzle — namely, why the closure of small rural schools and school districts in New England was so aggressively championed by state administrators, while at the same time so adamantly despised and resisted by the very people (that is, the local teachers, parents, students and taxpayers) who were supposed to be the *beneficiaries* of this reform.

It didn't make sense. After all, why would state leaders bother to exert all this effort if they did not genuinely believe such changes would be in the best interest of their state's children and communities? And yet, why would parents and citizens renowned for both their frugality and their active commitment to their schools oppose a reform that was supposed to deliver better education to their children — and to do so more economically and efficiently than the current system? As someone who grew up in metropolitan areas of Ohio and California, I had no emotional attachments to either side nor any particular ideological axe to grind. But, I did know there had to be a remarkable story in this puzzling clash among such well-intentioned people.

A colleague of mine from West Virginia (Dr. Rachel Tompkins) shared many of the same interests, questions and concerns. We combed the available professional literature and interviewed a wide variety of rural parents and educators, state officials and interested academics across the country about the topics of consolidation and reorganization. What we discovered both surprised and dismayed us. It became very clear very quickly that the "research" published on these topics — and indeed on the whole area of optimum school size and district size — was inconclusive at best and embarrassingly shoddy at worst. Moreover, we were taken aback by the extent to which the legitimate arguments in favor of bigger schools and school districts had been routinely exaggerated, overstated and oversold.

Our findings were published in 1976 by the National Institute of Education as a monograph entitled ***Economy, Efficiency and Equality: The Myths of Rural School and District Consolidation.***[1] This, in turn, lead to joining forces with a few other colleagues and to writing a book issued in 1977 named ***Education in Rural America: A Reassessment of Conventional Wisdom.***[2] I then carried out further work in this area for the National Conference of State Legislatures and other state and national organizations.[3] Most recently, I had the opportunity to head an eleven nation study of key rural education policies (including consolidation) for the Organization for Economic Cooperation and Development.[4]

However, since 1980 (when I moved to North Carolina) I have been working on other issues and only occasionally have been involved in deliberations related to the size and organization of schools and school districts. At first, my concern about how quickly I could get back "up to speed" made me hesitate about accepting the North Carolina School Boards Association's invitation to respond to the ***Report of the State Superintendent on Schools and School Districts in North Carolina, 1986***.[5] My initial hesitancy vanished once I read the relevant documents and discovered that the nature of both the evidence and the debate about consolidation had changed very little.

In reading the analysis presented here, what is *not* should be clearly understood. First, this paper is *not* a major research report presenting reams of new facts and figures on school district organization in North Carolina. Second, it is *not* an argument that the ways in which schools and school districts in North Carolina currently are organized are perfect and must never be changed. Third, although commissioned by the NCSBA, the views presented here are my own and have *not* been altered or censored by the Association in any way. And finally, given that I have had to prepare this document in less than a month (in addition to other work obligations), it should *not* be regarded as the final word on this controversial subject.

Despite these caveats, my hope is that this paper will prove to be a useful critique of the NC Department of Public Instruction's (DPI) recent report to the State Board of Education on school district size and organization. The intention here is two-fold: to remind interested policymakers, legislators, educators and concerned citizens that there *is* a legitimate "other side" to the story told by the DPI; and to persuade readers that there is simply ***no compelling state interest that justifies the mandatory, across-the-board consolidation of North Carolina's smaller schools, special school districts and sparsely-populated county school systems***. If this paper helps to *discourage* the passage of ill-conceived legislation and policies likely to create more problems than they solve — as well as to *encourage* a more careful, comprehensive and well-balanced consideration of the complex issues at stake in this debate — then it will have served its basic purpose.

In any case, special thanks are due to Ms. Karin Schaller whose swift data-gathering and excellent research assistance made this paper possible to produce within the rather severe time constraints imposed.

EXECUTIVE SUMMARY

In September, 1985 the North Carolina State Board of Education requested the Department of Public Instruction to study the question, "What is the optimal number of local administrative units (i.e., school districts) for the State of North Carolina?". Six months later, in March, 1986, the DPI reponded to this request by issuing the ***Report of the State Superintendent on Schools and School Districts in North Carolina, 1986***.

This report, actually prepared by the DPI's Division of School Planning, is a forceful call for much bigger school districts throughout North Carolina. More specifically, the report calls for the ***mandatory merger of all*** 41 "special chartered" (i.e., sub-county) school systems with their "host counties" — a plan that would reduce the number of school districts in our state to 100 (one per county).

However, DPI did not stop there. The heart of the state's argument is *not* that the county is demonstrably and consistently a better unit of government for delivering education than decentralized districts. Rather, the core argument advanced in the DPI's report is that *all* North Carolina school systems need to have at *least* 5,000 students (with an "optimum enrollment of 10,000). Why? First, because bigger school systems allow the creation of bigger schools — and the DPI's document recommends *minimum* school enrollments of 500 at the elementary level, 600 at the middle/junior high level, and 1,000 at the high school level. The second rationale for consolidation is the DPI's claim that *only* school districts with 5,000 or more students can provide a high quality of education at a reasonable cost.

Thus, although this state plan does not demand the immediate forced consolidation of all of North Carolina's smaller county school systems (i.e., those with less than 5,000 students) it certainly serves notice that their survival is at risk. After all, if the DPI sticks to its "magic numbers" for school and district size — and eventually makes them standards that must be met whenever possible — then dozens of additional school districts (beyond the 41 "special chartered" ones) and hundreds of schools across North Carolina will become prime candidates for mandatory mergers by the state.

Dr. Jonathan Sher, a nationally recognized expert on school and school district consolidation (and former Associate Dean of Education at North Carolina State University) prepared a critique of the DPI's report at the request of the North Carolina School Boards Association. This critique evaluates the DPI's plan from three perspectives: economic considerations, educational considerations and social/political considerations (including the issues of fiscal and racial equality).

Dr. Sher's critique demonstrates that neither the data presented in the DPI's report, nor the assumptions upon which the Department's case is built can withstand careful scrutiny. In fact, the state's plan is

shown to have been constructed on a *very* weak foundation of outdated and irrelevant studies — coupled with unsubstantiated assertions that bigger schools and school districts will inherently be better ones. It also points out that the DPI's decision to recommend mandatory, across-the-board mergers was made *without* consulting the educators, parents and taxpayers most directly affected, *without* even rudimentary projections of the actual economic, educational or social consequences of any (let alone all) of these forced mergers, and *without* any reference to recent information generated within our state (and beyond) that systematically refutes the very conclusions the DPI claims to be "indisputable".

Three major *findings* emerge from this analysis of the Department's report:

> First, the DPI has *failed* to demonstrate that these proposed mergers will advocate *any* compelling state interest — and thus, the DPI has no reasonable grounds on which to justify a *state-mandated* consolidation of all sub-county school systems today (nor the elimination of all small schools and school districts later on);
>
> Second, there is no solid foundation for the belief that the wholesale elimination of school districts in North Carolina will improve education, enhance cost-effectiveness, or promote greater equality — in fact, such an indiscriminate policy could backfire and end up causing more harm than good; and
>
> Third, that in all but the most extraordinary circumstances, the decision as whether to reorganize school districts ought to remain a *voluntary* one left to the discretion of *local* voters and school boards (as now is the case under North Carolina law).

Although it was beyond the scope of Dr. Sher's critique to provide a detailed plan for dealing with the issues of school and school district organization in our state, he made the following five key points:

> 1. Merger decisions are too complex and far-reaching in their impact to be made any way other than on a *case-by-case* basis — and as a result of a thorough and impartial assessment of all relevant factors and perspectives.
>
> 2. Good schools and school districts come in all shapes and sizes (as do poor ones) — and therefore, educational policies which place too much reliance on *any* rigid size and organizational criteria (e.g., county level systems with enrollments over 5,000) are likely to have counterproductive effects.
>
> 3. Since directly mandating across-the-board mergers will *not* advance any compelling state interest, the state should

discontinue all "backdoor" approaches to the same end — e.g., the use of facility planning, a narrow interpretation of the Basic Education Program's provisions, or the funding of key positions by county instead of by school districts as indirect (but powerful) methods of forcing districts out of existance.

4. There *are* a variety of alternatives to consolidation (such as the voluntary sharing of resources across district lines, or the expansion of services provided through the DPI's regional education centers) that can expand educational opportunities and enhance cost-effectiveness — without abolishing existing units.

5. Most important, organizational issues like merger are *very rarely* the key to enhancing the quality and efficiency of public education. Occasionally, making schools and school districts bigger (or smaller!) is helpful, but more often it is merely a *diversion* away from the greater task of finding new ways to positively influence the lives of children and to increase the effectiveness of those who work in their service.

UNDERSTANDING THE DEPARTMENT'S REPORT

In September, 1985 the NC State Board of Education directed that a report be prepared within six months by the Superintendent of Public Instruction (with the assistance of the Controller) dealing with the question, "What is the optimal number of local administrative units for the State of North Carolina?". In March, 1986 the requested report was submitted to the State Board as promised.[6]

Although the State Superintendent presented this document, neither he nor the Controller actually prepared it. Rather, the report was written by the staff of the Department's Division of School Planning. There is nothing particularly unusual about this fact, but *who* writes any document strongly influences *what* is considered, what is omitted and what factors and values are given preference in weighing the available evidence.

The important thing to keep in mind is that this Division of the DPI has as its fundamental mission the planning of school facilities. While there are former school superintendents employed by this Division, approximately half of its professional staff consists of consulting engineers and architects. Thus, it is hardly surprising that there is a notable tendancy in the report to view the key issues through the lens of space utilization and facility planning. It is, of course, a perspective worth including — but taken too far, one risks a situation in which the building tail is wagging the education dog.

The best way to minimize the risk of such a skewed perspective is to make sure that other essential points of view are fully represented. Unfortunately, this does not appear to have been the case. There is no evidence that the DPI's own experts on instruction (or other relevant areas) were significantly involved in the preparation of the findings and recommendations. Similarly, there was no apparent effort made to solicit and integrate the contributions of economists either within, or beyond, state government. And finally, there was an alarming disregard — demonstrated by the *absence* of either public hearings or any systematic canvassing — of the perspectives and ideas of the people who would be most directly affected by any proposed changes, i.e. local educators, parents, students, school board members and other community leaders.

The decision to assign this study to the Division of School Planning was in some ways a perfectly logical one. After all, since 1968 this Division has conducted twenty-two merger feasibility studies across North Carolina.[7] However, this record of involvement also raises questions about the neutrality and objectivity of the Division's staff — especially when it is recalled that ***they have never recommended anything other than merger.***[8] This fact does nothing to reassure one that all sides of this difficult issue were given full and

dispassionate consideration. On the contrary, there is reason to suspect that the Division's unwavering advocacy of school district mergers colored its "investigation" of the question raised by the State Board — and may well have made the report's strong call for further mergers a foregone conclusion. The situation is reminiscent of the saying: "When your only tool is a hammer, every problem looks like a nail".

There are four other general comments about the DPI's report that might help place it in context. One is that the Department of Public Instruction did not conduct any new research on the specific, predictable consequences of merger in each district potentially affected. No doubt, the lack of time and resources available to the DPI made it next to impossible to carry out such a thorough study. Nevertheless, the result is that the State Board and the NC Legislature are being urged to take a major leap with only the scantiest sense of where everything (and everyone) actually will end up landing.

The second comment is that the research the DPI *did* choose to include is anything but "overwwhelming". As will be detailed in subsequence sections, this body of "evidence" is severely flawed, often inapplicable to North Carolina and badly outdated. For example, the report states that "*recent* research on the size of school districts reveals..." — when in fact the *most recent* of the thirty-two studies cited in their Appendix E was published in 1971 (and the most recent one specifically pertaining to North Carolina was from 1948!).

The third overall comment about this DPI report is that it inappropriately mixes together arguments about *school* size and *school district* size. In fact, the School Board's question about "the optimal number of local administrative units" often is overlooked in favor of lengthy discussions of school size minimums and targets at the elementary and secondary levels. There is *some* relationship between these issues in *some* of the districts listed as candidates for merger. However, the report leaves the grossly erroneous impression that the elimination of all special chartered school districts and the consolidation of all the smaller county school systems is the only way to ensure the existence of educationally sound and fiscally responsible schools across North Carolina.

The fourth comment is that, while this DPI report "only" calls for a *mandated* reduction in the number of North Carolina school districts from 141 to 100 (i.e., one per county), it definitely has put the "handwriting on the wall" that smaller schools and school districts across our state could become prime candidates for such forced consolidations in the future. By forcefully arguing for minimum size criteria for both schools and school districts (for example, by stating that very low enrollment school districts are "an absurdity" and even those with 3,000 students are "only slightly less questionable") the authors of this DPI report have left little room for doubt as to the likely outcome of their call to "address" the status of our state's

smaller school systems once the elimination of all sub-county districts has been achieved. Consequently, this critique treats both "special chartered" and smaller county school systems as having been put at risk by this DPI report.

Despite its weakness, this DPI report raises a variety of important issues that deserve attention. Accordingly, the three major aspects of the debate dealt with in the report — economic considerations, educational considerations and social/political considerations — will be reviewed in the pages that follow. This critique of the DPI's handling of each theme also will include a brief discussion of related data and ideas *missing* from the document presented last month to the State Board of Education. The paper will conclude with a very brief set of suggestions for dealing with the topic of school district organization in ways other than the Department's recommended strategy of forced mergers throughout North Carolina.

ECONOMIC CONSIDERATIONS

Public education may be a bargain (especially when compared to the long term social and economic costs of an uneducated citizenry and workforce) but it is not cheap. A large percentage of all state funds in North Carolina currently are spent in support of our public elementary and secondary schools. Given the fierce competition for available state resources — a struggle that only will grow more intense as federal spending on domestic programs continues to decline — it is imperative that the money allocated to North Carolina's public schools and school districts be spent wisely.

The State Board of Education explicitly recognized their "commitment and responsibility...to find and implement the most cost efficient and effective methods of providing an education to the children of North Carolina" when they called for a study of the optimal number of local administrative units.[9]

The DPI's report could have addressed this central concern directly and produced reasonable projections of the financial consequences of the specific mergers advocated. Unfortunately, it failed to do so. Data about the amount of likely (or even potential) cost savings resulting from the particular school district consolidations the Department wishes to quickly *mandate* here in North Carolina are non-existent in their 102 page report. Similarly, while the DPI document repeatedly asserts that North Carolina's school districts must enroll a minimum of 5,000 students (with 10,000 students as

their stated "optimum" school district size) in order to be "cost effective and cost efficient", there is not a single shred of evidence presented — based on the actual circumstances and conditions prevailing in North Carolina today — that larger schools and school districts here would be more economical, efficent or cost effective.

In the absence of any data specifically pertaining to North Carolina, the DPI relied upon a very narrow range of studies done in other states and regions to support its desired recommendations. Other than a 1982 report done in Los Angeles (a school system having 540,903 pupils enrolled at that time) the other studies cited were conducted during the 1960s and 1970s. There were numerous other relevant studies published during this period, as well as several new ones appearing in the professional literature within the past five years. However, for whatever reasons, the DPI chose not to include them in their analysis.

Perhaps these studies were excluded because they undermine not only the idea that bigger districts are inherently more efficient, but also the notion that "optimum school district size" is a meaningful tool for state level policymaking. Although the following citations only represent a sample of the professional literature the DPI chose to overlook, they are illustrative of the significant (albeit far less than perfect) body of evidence that counters the Department's claim that 5,000 pupils is the minimum size (and 10,000 the optimal size) necessary for any school district to be cost-effective and efficient.

Dr. James Jess (an Iowa school superintendent and past president of the national Rural Education Association) conducted a major study of educational finance, quality and efficency in his state that concluded that the small, local schools and school districts exhibited a variety of educational and economic advantages when compared with their larger counterparts. As Jess summed up one key finding:[10]

> This investigation does not support the 1977 Iowa School Budget Review Committee's recommendation of raising the minimum student enrollment size to 1,000 in order to provide for adequate size districts. It does not support the concept of countywide units or any other minimum size units that have been advocated in order to provide maximum educational quality and/or efficiency.

Dr. L. Dean Webb, in an article entitled "Fiscal Implications of School District Reorganization" (from which the DPI borrowed many items, but not the key findings) determined that in Colorado the "optimum" school district enrollment size in terms of economy and efficiency was 1,500. However, he then pointed out that whether an optimum size this *high* was feasible or reasonable depended heavily on such local considerations as transportation factors and population density. Webb concluded that:[11]

> Studies relating to effective and desirable sizes of school districts indicate that school district size is not an absolute, that the "optimum" size will vary from state to state, and that size is but one of many factors related to educational quality and operational efficency.

In an issue of ***Educational Evaluation and Policy Analysis***, Dr. James Guthrie wrapped up his review of the literature about economic efficency in education with the following comments:[12]

> Evidence in favor of cost savings associated with larger size schools and school districts is, at best, ambiguous. In the instance of rural schools, the setting where consolidation has been most dramatic, it is exceedingly unclear that efficency favors larger organizations... There is nothing to suggest that huge districts, the size of many cities, save money for the taxpayer.

Dr. Richard Butler and Dr. David Monk, in a 1985 article on the economics of education in the state of New York, presented the results of one of the more sophisticated studies of school district size yet undertaken. These authors describe a portion of their findings, as follows:[13]

> These results indicate that there is a sense in which small school districts (i.e. under 2,500 pupils) operate with greater efficency than otherwise similar larger districts...Our results begin to question the "bigger is better" complacency engendered by the one-cost-function view of educational production. In this regard, our position is similar to that articulated by some of the more trenchant critics of school district consolidation.

And finally, a 1984 article in the ***Journal of Educational Finance*** by Peter Coleman and Linda LaRocque provides a Canadian perspective on this same set of issues. Their analysis of school district operating costs in British Columbia from 1972 to 1982 yielded the following conclusion:[14]

> It seems clear that the relationship between school district size and per pupil operating costs is spurious... Thus, the effect of amalgamating small districts with larger ones would simply be to spread the high costs over a larger population, and hence, conceal them... It is concluded that focusing on small districts, and eliminating them through amalgamation, is not likely to have any useful impact on gross operating costs in the province.

What do all of these studies prove about the organization of efficent and cost-effective school districts in North Carolina? In truth, they *prove* almost nothing — except that the mixed bag of recent research done outside our state neither condemns the efficiency of small school districts, nor provides comfort for those who seek a "magic number" around which to build uniform state policies about

school district size. Especially in the absence of detailed case by case analyses of the financial consequences of merger for all the targeted districts here, the DPI's espousal of a 5,000 pupil school district minimum is not a "reasonable coalescing of the evidences" (sic).[15] Rather, it is an essentially arbitrary number the Department has adopted for reasons other than a desire to heed the warnings every responsible researcher has issued about using such rigid standards in the formulation of state policies.

The author of the Department's report does concede that the available evidence about economies and efficencies related to school district size reflects a "melange of opinion" and correctly notes that "researchers differ as to the certifiable results of such examinations".[16] Still, the fact that the literature on this subject is so contentious and inconsistent does not deter the author from taking a strong stand on the absolute minimum district size that should be imposed across our state for the sake of economy and efficiency.

In light of the fact that the DPI chose only to include a very select group of studies in its review of the economics of school district size, it is remarkable that even the limited data presented *do not* support the Department's recommendation of a 5,000 pupil minimum. For example, three pages of information from a 1979 Arkansas study is said to "rather clearly show size economics (sic) as the 5,000 membership is approached".[17] On closer examination, the Arkansas data show no such thing. What they do show is that 1) average per pupil instructional costs were the lowest in school districts having 500-900 students; 2) average per pupil costs for administration were as low in school districts having 1,500-2,499 pupils as they were in districts of 5,000-9,999; and 3) average overall per pupil expenditures were lowest in the school districts enrolling 1,000-1,499.

An article by an economist (Dr. William Fox) entitled "Reviewing Economies of Size in Education" repeatedly was cited by the DPI in support of the Department's contention that school systems must enroll at least 5,000 pupils in order to be economical and efficent.[18] Yet, once again, the claim that school district mergers of the magnitude desired by the DPI will result in cost savings and efficiencies is not substantiated by their own "evidence". Dr. Fox has written an interesting and useful article that advances the technical discussion of how best to design, conduct and interpret research on size economies in education. However, at no point in this article does he conclude (or even imply) that school districts of 5,000 or more pupils are desirable, necessary or economically advantageous.

What Dr. Fox actually argues (albeit in proper academic language) is that the mast majority of the studies he reviewed — most of which advocated large districts — were not worth the paper on which they were written. He found them to be theoretically unsound, methodologically deficient and practically useless in guiding policymakers on the economics of school and school district consolidation. As Dr. Fox states: "Application of these findings to

most cost questions must be considered carefully and ***should be on an individual case basis*** because cost factors other than size are often changed by the circumstances."[19] (Emphasis added).

Dr. Fox's article is instructive in three other ways. First, he points out that while size economies do exist in education, there are no "magic numbers" for school and district size that guarantee the most economical and efficient operation possible — largely because there are so many human and circumstantial factors that alter the equation in each particular instance. Second, he notes that a key factor in this determination is population density and concludes (quite sensibly) that it may well be most economical to have relatively larger schools and districts in big cities and to have relatively smaller schools and districts in rural areas. And third, Dr. Fox indicates that his review of the literature suggests there might be a U-shaped cost curve in education — with costs for both schools and school districts likely to be highest for the tiniest and largest units in the nation — but, once again, the optimum point on this curve will be different in accordance with a range of local realities and educational cost factors.

This idea of a U-shaped cost curve is mentioned favorably several times in the DPI report. However, believing (despite the absence of any reliable confirming evidence) that 5,000-10,000 pupils is the magic range for all school districts in our state will create a sticky situation for the Department of Public Instruction. Remember that using a U-shaped cost curve as a basis for policy decisions means that school districts found outside the optimum size boundaries, *in either direction*, would have to be judged inefficient and uneconomical.

This suits DPI's agenda when applied to the state's smaller school districts because it suggests a need for the mergers they hope to be able to mandate. However, what applies to the goose must also apply to the gander — and this means that the 39 North Carolina school districts currently enrolling more than 10,000 students must be viewed as candidates for "deconsolidation", i.e. breaking them up into smaller units falling within the 5,000-10,000 state parameters. Even if the DPI was lenient in applying this standard and declared that districts could exist within 5,000 students in either direction of their 10,000 optimum school district size (that is, district enrollments of 5,000-15,000 would be acceptable) this would still leave 23 districts in North Carolina that would have to be considered unacceptably large.

Therefore, the standard the DPI wishes to use to force the elimination of all smaller districts must, in fairness, also be used to force the state's "inefficiently large districts" to break up into appropriately-sized units. After all, why should it be considered vital to mandate the merger of Chapel Hill (enrollment 5,025) and Orange County (enrollment 4,959) because of this DPI district size standard — and yet, do nothing to bring Wake County (enrollment 56,730) into compliance with the exact same yardstick? If it really is necessary to eventually require small county systems such as Currituck (which

misses DPI's "magic range" by 2,791 pupils) to undergo a merger, then isn't it also necessary to force Charlotte-Mecklenburg (which misses the mark by a whopping 56,988 pupils) to form seven independent sub-county school districts of approximately 10,000 students each as soon as possible?

The point here is *not* to suggest that "deconsolidating" the state's largest school districts into smaller, sub-county units is a particularly good idea. Rather, the intention is simply to remind readers that such numerical standards, if taken seriously and acted upon, would cut both ways. Perhaps the way out of this trap is to remember that even if there is a U-shaped cost curve for the *nation's* school districts as a whole, it might not have much relevance for North Carolina.

When one recalls that there are currently more than 6,000 operating school *districts* in the United States with total enrollments *under* 600 (none of which are in North Carolina) — and only one NC school system ranked among the nation's fifty largest districts — it becomes apparent that our state's school districts are not found at either extreme of the size spectrum. All our school systems might most appropriately be regarded as *already* existing within the comfort zone of any national U-shaped cost curve. Such a perspective allows us to rest assured that the sizes of our present school systems are not so extreme in either direction as to arouse legitimate suspicions that they are inherently too large or too small to operate efficiently and economically. This, in turn, would relieve the state of the burden of forcing a massive series of *both* consolidations and deconsolidations across North Carolina on economic grounds.

Despite all of the above, there will remain people seeking an economic justification for eliminating all smaller school districts (even if, as is the case in North Carolina, none of the districts are small by national standards). For instance, one often will hear the idea expressed around our state that it surely must save money to have only 100 school superintendents rather than the current total of 141. While such *might* be the case, these imagined savings are rarely as large or as important as their proponents suppose.

The DPI notes that the average per pupil administrative costs in NC special chartered districts in 1983-84 were higher than the statewide average. However, these costs were only $10.26 higher per pupil in terms of the funds allocated by the legislature.[20] At most, if merger actually did reduce these costs to the state average, this saving represents less than 1% of the annual state-funded per pupil expenditure.

The trivial size of the economies these wholesale mergers might produce in North Carolina — if any would occur at all, given the reality of off-setting *diseconomies* of scale — turns out not to be surprising news even to the DPI's own consolidation advocates. Buried near the end of the Department's discussion of these issues, the author finally lets the cat out of the bag by admitting that:[21]

> ***Merged systems may be more expensive...***
> The merger of school systems is generally not less expensive, although certain administrative cost reductions can be realized in time... State and federal current expense funds are allocated, generally, on some categorical or numerical basis. These bases would continue in force after merger and would not be measurably affected by merger, although some financial categories could undergo increases or decreases in support. (Emphasis added).

Does this mean that school district mergers in North Carolina *never* can result in cost savings and operating efficiencies significant enough to make them worth the effort? Although the available evidence makes non-trivial gains in cost effectiveness seem unlikely, the simple truth is that such a question cannot be conclusively answered in the absence of a first-rate, comprehensive case by case analysis of each proposed merger.

What *is* clear, however, is that the DPI has *not* made a persuasive case that widespread, mandated school district mergers will advance the compelling state interest in providing cost-effective and efficient public education to the children of North Carolina.

EDUCATIONAL CONSIDERATIONS

As important as economic factors may be, the "bottom line" in education is (or at least ought to be) what happens to students. The state has a legal responsibility and a moral obligation to ensure that students anywhere within our borders have access to a good public education. This fact was a major impetus behind the NC Legislature's authorization and the State Board's development of the Basic Education Program — as well as all the other school improvement initiatives implemented recently.

If it could be accurately and persuasivley documented that the pupils currently being served by North Carolina's special chartered school districts and smaller county systems were receiving a significantly lower quality of education than their counterparts in the state's other school districts, then a compelling case would exist for *some* type of state intervention to rectify the situation. Indeed, it would be irresponsible of the state *not* to act if students were demonstrably being victimized simply by virtue of attending school in certain types of school systems.

Is this the case today? Unfortunately, one has no way of answering this question based upon the information — or, more

precisely, the *lack* of information — presented in the DPI report. The same kinds of criticisms made in relation to the Department's discussion of the economic elements of merger apply with even greater force to their handling of the educational considerations.

The DPI report offers *no* description or analysis of the predictable educational consequences of any (let alone all) of the mergers it wishes to mandate. No comparisons are made of the educational performance on either small districts versus large districts, or in any county versus sub-county units here in North Carolina (or anywhere else). In fact, there is *not* a single piece of hard evidence presented by the Department that the quality of education is deficient of *any* of the systems targeted for elimination — let alone that there are serious educational problems in *all* of them that consolidation would remedy.

The core of the DPI argument is that "professional opinion" weighs heavily in favor of the educational merits of both big schools (e.g. high schools with at least 1,000 students) and big districts (the now familiar 5,000 minimum enrollment, 10,000 optimum enrollment concept). The primary professional opinions on which they rely are: a 1965 study done in a suburb of Washington, D.C.; James Conant's 1959 report on high schools; a 1958 publication from a commission sponsored by the AASA; a 1968 study about Missouri school districts; a 1954 NEA document about "intermediate districts"; a 1969 ECS discussion of school district characteristics; as well as the recommendations of both the 1948 NC State Education Commission and the 1968 NC Governor's Study Commission.

Other than a stroll down memory lane, what do these reports offer anyone trying to come to grips with the educational problems facing North Carolina today and in the years ahead? Not much — because they neither address the current context of education in our state, nor offer timeless wisdom that transcends the particular realities with which we must contend daily. The documents on which the Department has chosen to anchor its case are not bad ones (although none of them are based upon hard evidence that could withstand careful scrutiny). They are merely inappropriate. Each was written to deal with a "hot topic" of its era and each was designed to advance the short term agenda of the authors. Thus, for example, while the Department contends that the AASA report "has lost none of its impact, or its thoughtfulness, simply because time has passed", the AASA itself abandoned this document long ago and has not actively used or promoted it in years.

Maybe the DPI was too nostalgic in its choice of supporting materials, but this does not automatically invalidate their essential beliefs: 1) that school districts enrolling at least 5,000 pupils ***and*** organized on the county level are *inherently* able to offer a higher quality education than smaller and/or sub-county units; and 2) that school districts of this size and mode of organization are necessary because they allow the creation of schools big enough (i.e. at least 500 at the elementary level, 600 at the middle/junior high level and at

least 1000 at the senior high school level) to be *inherently* able to offer a higher quality education than smaller schools.

In order to determine the merits of the Department's contention that educational quality inherently will be better in school districts that both enroll at least 5,000 pupils *and* are organized at the county level, let us first look at some recent statistics from the nation as a whole. The current status of educational research and data collecting in the U.S. does not allow us to make very precise comparisons among states on a wide variety of reliable qualitative measures. Lacking such desirable information, the common practice is to use some proxy measures to assess the relative quality of education on a national basis. While these proxies have severe limitations as policymaking tools, they shed a revealing light on the DPI's recommendations about school district size and organization.

Table 1 compares the most recent performance of students in states (including North Carolina) where the SAT is routinely administered. These figures offer little comfort to the DPI's merger advocates. In terms of district organization, four of the five top-ranked states are characterized by community (that is, *sub-county*) school districts. All five top-ranked states have an average school district enrollment level below the Department's magic minimum of 5,000 — and the top three average less than 1,500 pupils per school district. Although exact statistics were not immediately available, it also is true that these top-ranked states had average high school enrollments far below both the NC average and the DPI's recommended figure of 1,000. And finally, it is worth mentioning that although these states ranked in the top ten percent on SAT scores, *none* of them were in the top ten percent on per pupil expenditures.[22]

TABLE 1

Comparison of Top-Ranked and Bottom-Ranked States In Terms of SAT Scores

SAT Scores (1985)	Dominant Type of School District Organization*	Number of Operating School Districts	Average School District Size
BEST			
New Hampshire	Community	158	
Oregon	Community	309	1,447
Vermont	Community	247	364
Delaware	County	19	4,789
Connecticut	Community	165	2,897
WORST			
South Carolina	County	92	6,576
North Carolina	County	143	7,622
Georgia	County	187	5,620
D.C.	Single District	1	89,000
Indiana	Community	304	3,237
Hawaii	Single District	1	162,000

*Note: "Community" refers to school districts organized at a ***sub-county*** level, e.g., rural areas, villages, townships and municipalities.

Sources are: U.S. Digest of Educational Statistics, 1983-84; The Condition of Education, 1985 An NCES Statistical Report; NEA 's Ranking of the States, 1985; and Education Week (2/26/86).

By contrast, the states performing *worst* in terms of SAT scores are embodiments of the DPI's rule of thumb about school districts. With one exception, the bottom-ranked states already have their school districts organized on a *county* (or even more centralized) basis *and* an average district enrollment in excess of 5,000 students.

Not all states administer the SAT. In fact, twenty-eight states more commonly use the ACT (American College Testing program) at the high school level. Table 2 compares the 1985 top-ranked and bottom-ranked states in terms of this particular outcome measure. The results here echo those for the SAT. The states performing best on the ACT all were ones in which school districts are normally organized on a sub-county basis. N*one* had an average school district size above 3,000 — in fact, four of the five had *districts* averaging less than 2,000 pupils. Again, their average high school enrollments were nowhere near the 1,000 figure advanced by the Department of Public Instruction as necessary to have a high quality of education at a cost which is not exorbitant. On this last point, it is worth mentioning that these top-performing states ranked from 14th to 30th nationally, in terms of average per pupil expenditures. In fact, three of them spent just *under* the national average on their students.[23]

The bottom-ranked states on the ACT also share some key characteristics with the states performing most poorly on the SAT. Again, with one exception, their school districts *are* organized by county and their average district size is two to five times greater than that of their top-ranked counterparts.

Comparison of Top-Ranked and Bottom-Ranked States in Terms of ACT Scores

ACT Scores (1985)	Dominant Type of School District Organization*	Number of Operating School Districts	Average School District Size
BEST			
Iowa	Community	441	1,127
Wisconsin	Community	433	1,790
Minnesota	Community	435	1,621
Colorado	Community	181	2,994
Nebraska	Community	968	276
WORST			
Mississippi	County	153	3,059
Louisana	County	66	11,848
West Virginia	County	55	6,754
Arkansas	Community	371	1,164
New Mexico	County	89	3,034

*Note: "Community" refers to school districts organized at a ***sub-county*** level, e.g., rural areas, villages, townships and municipalities.

Sources are: U.S. Digest of Educational Statistics, 1983-84; The Condition of Education, 1985: An NCES Statistical Report; NEA's Ranking of the States, 1985; and Education Week (2/26/86).

Of course, test scores do not come close to telling the whole story about how well schools and school districts are serving their students. The kind of sophisticated, holistic data we need for that purpose simply does not exist today. So, inadequate as they are, we use other proxies along with test scores. Graduation rates are useful in that they can give us a rough idea of the holding power of our schools. After all, how can a school legitimately claim to be educating its students well if a large portion of them are "voting with their feet" and quitting before the end of high school?

In reviewing the national data on this topic, a familiar pattern emerges. As Table 3 indicates, all of the top-ranked states organize their school districts on a sub-county basis, while all but one of the bottom-ranked states have opted for county school systems. Once again, the states performing best on this measure have far *smaller* schools and school districts than the states that performed worst. In fact, while none of the top-ranked states had school districts with an average enrollment above 1,800 (and three of them had average district enrollments well below 1,000) the bottom-ranked states had average school district enrollments ranging from a *low* of 3,059 to a high of 22,328.

TABLE 3

Comparison of Top-Ranked and Bottom-Ranked States in Terms of High School Graduation Rate

High School Graduation Rates (1984)	Dominant Type of School District Organization*	Number of Operating School Districts	Average School District Size
BEST			
Minnesota	Community	435	1,621
Nebraska	Community	968	276
North Dakota	Community	292	401
Iowa	Community	441	1,127
South Dakota	Community	187	658
Wisconsin	Community	433	1,790
WORST			
Louisana	County	66	11,848
Alabama	County	128	5,641
Florida	County	67	22,328
New York	Community	715	3,741
Mississippi	County	153	3,059
Georgia	County	187	5,620

*Note: "Community" refers to school districts organized at a ***sub-county*** level, e.g., rural areas, villages, townships and municipalities.

Sources are: U.S. Digest of Educational Statistics, 1983-84; The Condition of Education, 1985 An NCES Statistical Report; NEA's Ranking of the States, 1985; and Education Week (2/26/86).

Do these national comparisons *prove* that having small, sub-county school districts is the key to becoming a top-ranked state on such outcome measures? Of course not. Nevertheless, they ought to make us extremely suspicious about the validity of the DPI's claim that county-level school districts having at least 5,000 students are somehow necessary before high quality education can occur. If the DPI is correct, then why do these national comparisions so dramatically tell a different tale?

Perhaps the Department didn't really mean to argue that the kind of big, centralized districts they want to mandate into existence are appropriate nationwide (although they relied heavily upon studies done outside the state to try to make their case). Perhaps the DPI's essential point is that, *in the context of North Carolina*, bigger, county-level districts are the key to significantly improving the quality of education.

How might we begin to figure out whether this DPI recommendation has any basis in fact? One obvious way to get a glimmer of what *is* true in the context of North Carolina is to review some of our own state measures of educational quality. In other words, do the available data demonstrate that the North Carolina school districts *already* meeting the DPI's size and organizational standards routinely out-perform the smaller counties and special chartered districts the Department wishes to eliminate?

One of the few things educational research *has* proven is that there is no consistent, reliable relationship between the mere possession of most resource "inputs" and the educational "output" of students.[24] Hence, a simplistic comparison of such items as the number of books in a school libraries, the number of courses high schools offer, the number of teachers with master's degrees or even the number of dollars spent per pupil will *not* yield much useful information for policymakers. Some resources certainly are important, but in education (as in the rest of life) what you have is less important than what you actually *do* with whatever resources you may possess.

Accordingly, flawed as they are, it still is most useful and appropriate to compare outcome measures. These crude indicators cannot replace well-designed and carefully-controlled evaluation research, but given that the Department did not include *any* performance data for North Carolina schools and school districts in their report, we will have to make do with the few pieces of comparative information that were readily available. More specifically, four performance measures will be considered here: dropout rates, high school retention rates, the percentage of students passing the state competency test in mathematics and the percentage of students passing the state competency test in reading.

Dropout rates are an interensting measure because, like graduation rates and retention rates, they give some insight into the extent to which young people see their high school as a place worth attending — even after the legal compulsion to do so has ended.

Students dropout for a variety of reasons other than dissatisfaction with their high school, but it is not unreasonable to think that very high dropout rates reflect a greater degree of student alienation than low dropout rates. This item is also crucial if one remembers the simple truth that school districts cannot be doing a good job of educating students who find it preferable not even to show up.

So, what is the story on dropouts in North Carolina today? Is it true that the big, county-level districts (with the broader curricula, greater diversity of resources and activities, and better overall quality of education the DPI presumes them to have) are also the ones best able to prevent dropouts and inspire allegiance rather than alienation? Unfortunately for the DPI, the data do not support their rhetoric. In fact, ***the reality is that nine of the ten NC school districts with the lowest dropout rates are also targeted for elimination by the*** **DPI.** As Table 4 indicates, there is only one school district of the type the DPI wants to ***mandate statewide*** on the list of the ten top-ranked school systems. It also is worth noting seven of these ten NC districts operate high schools having an average enrollment well below the DPI's suggested ***minimum*** figure of 1,000 students.[25]

TABLE 4

Selected Characteristics of NC School Districts Having the Lowest High School Dropout Rates*, 1983-84

District	Dropout Rate (%)	District Type	District Enrollment	Average High School Size**
Chapel Hill	2.8	Special Charter	5,230	1,194
Washington	3.7	Special Charter	3,922	755
Hendersonville	4.0	Special Charter	1,635	405
Greenville	4.1	Special Charter	5,107	1,096
Forsyth	4.2	Large County	40,451	1,064
Tryon	4.5	Special Charter	615	157
Elkin	4.5	Special Charter	1,059	248
Chowan	4.5	Small County	2,515	471
Hyde	4.8	Small County	1,097	116
Mt. Airy	4.8	Special Charter	2,100	449

*Estimate from NC Public Schools Statistical Profile, 1985.
NOTE: The state average dropout rate is 6.9%.

**Derived by dividing the ADM by the number of high schools. Special high schools, i.e. alternative and special education units (both of which are much smaller than average) have been excluded from this calculation.

Retention rates are the flip side of dropout rates — that is, they measure how successful an education system has been over time in keeping students in regular attendance. This is a serious matter in North Carolina. Approximately *thirty percent* of the state's youth entering ninth grade are not graduating with their class four years later. The ability to keep a reasonable percentage of one's students in school is a *prerequisite* to any system claiming it provides a high quality education for the constituency it has an obligation to serve.

The results found in Table 5 mirror those found for dropout rates. Eight of the top ten school systems in North Carolina, in terms of retention rates, are special charter (sub-county) districts and/or have well below 5,000 students enrolled. Thus, despite their success in this area, they are precisely the school districts the DPI wants to "reorganize" away.

Selected Characteristics of NC School Districts Having the Highest High School Retention Rates*, 1983-84

District	Retention Ratio (%)	District Type	District Enrollment	Average High School Size**
Tryon	101.9	Special Charter	615	157
Elkin	87.8	Special Charter	1,059	248
Greenville	85.3	Special Charter	5,107	1,096
Clay	82.2	Small County	1,287	248
Vance	82.2	Midsize County	7,856	1,620
Hendersonville	82.2	Special Charter	1,635	405
Hyde	82.1	Small County	1,097	116
Forsyth	82.1	Large County	40,451	1,064
Chapel Hill	81.4	Special Charter	5,230	1,194
Shelby	81.4	Special Charter	3,868	849

*Estimate from NC Public School Statistical Profile, 1985.
NOTE: The state average retention rate is 69.4%.

**Derived by dividing the ADM by the number of high schools. Special high schools, i.e. alternative and special education units (both of which are much smaller than average), have been excluded from this calculation.

TABLE 5

Advocates of the "bigger is better" position on school and district size might argue that dropout and retention rates are poor proxies for the quality of education received by the students who *are* enrolled and attending classes. They might then suggest that the crucial difference between the big, county-level systems they applaud and the smaller, less centralized systems they abhor can be found in the academic performance of their respective students. Getting a greater proportion of students to simply show up, they'll continue, pales as an indicator of quality when compared to a measure of the actual learning taking place. When it comes down to academic achievement, they'll conclude, there is no comparison between large, centralized systems and their smaller, decentralized counterparts.

Actually, they would have been right in thinking there is no comparison. The only thing they would have been wrong about was *which* group would come out on top! Tables 6 and 7 present the results of the latest state-administered competency tests taken by North Carolina's high school students.[26] ***All ten of the school districts having the highest percentage of their students pass the mathematics competency test last year (including the only one in which every student passed) are special charter units and/or systems falling below the Department's 5,000 student cut-off point. The other distinction they share is that all of them are on the DPI's list of districts that should be forced out of existence.*** With one exception, they also are characterized

by high schools with enrollments too low to meet the DPI's desired 1,000 minimum. In fact, seven of these ten top-ranked school systems have an average high school size *below* 500 — and thus, are so small as to not be "educationally viable" in the eyes of the author of the DPI report.

The reading competency test results are very similar. The eight *top-ranked* school systems in North Carolina (including the only two units in the state having 100% of their students pass this test) are all DPI merger targets. Why? Because they do not conform to the DPI's notion of what a school district ought to be. However, it should be noted that the large, county school districts the DPI thinks everyone should emulate are *not* the ones scoring highest on these available educational outcome measures.

TABLE 6

Selected Characteristics of NC School Districts Having the Highest Percentage of Students Passing the Math Competency Test*

District	Percent Passing	District Type	District Enrollment	Average High School Size
Tryon	100.0	Special Charter	615	157
Elkin	98.5	Special Charter	1,059	248
Dare	98.2	Small County	2,441	379
Chapel Hill	97.3	Special Charter	5,230	1,194
Asheboro	97.3	Special Charter	3,818	876
Ashe	96.8	Small County	4,104	297
Currituck	95.8	Small County	2,494	423
Graham	95.7	Small County	1,561	311
Shelby	95.7	Special Charter	3,868	849
Tyrrell	95.6	Small County	791	142

*Administered by the state to the first-time high school juniors in Fall, 1985.

**Derived by dividing the ADM by the number of high schools. Special high school, i.e. alternative and special education units (both of which are much smaller than average) have been excluded from this calculation.

TABLE 7

Selected Characteristics of NC School Districts Having the Highest Percentage of Students Passing the Reading Competency Test*

District	Percent Passing	District Type	District Enrollment	Average High School Size**
Tyrrell	100.0	Small County	791	142
Elkin	100.0	Special Charter	1,059	248
Macon	98.6	Small County	3,682	262***
Shelby	98.3	Special Charter	3,868	849
Tryon	98.2	Special Charter	615	157
Asheboro	98.0	Special Charter	3,818	876
Watauga	97.6	Small County	4,800	947
Dare	97.6	Small County	2,441	379
Randolph	97.5	Midsize County	13,713	674
Davidson	97.4	Large County	16,591	593

*Administered by the state to first-time high school juniors in Fall, 1985.

**Derived by dividing the ADM of the number of high schools. Special high schools, i.e. alternative and special education units (both of which are much smaller than average) have been excluded from this calculation.

***Includes one high school of 670 students (Franklin) and two K-12 schools (Highlands and Nantahala) with secondary level ADM's of 74 and 41, respectively.

Although the DPI presented no data whatsoever in support of their contention that creating bigger, county school systems (and the bigger schools they allow) would raise educational achievement in North Carolina, they might be inclined to dismiss the evidence just presented. Their objection might be that competency test results are too narrow a gauge of educational quality, in that they measure the attainment of minimum standards, not overall educational excellence. It could be pointed out in response that the most recent CAT scores reveal a pattern similar to the one found in the competency test results — that is, an ***over-representation*** of small county and special charter school districts among the top-ranked systems, and an ***under-representation*** of large, county units in the top group.[27] However, let's put test scores aside and consider broader evidence of educational excellence.

For the past three years, the US Department of Education has been examining schools throughout the nation in an effort to identify those whose overall excellence merits recognition and applause. In 1983-84, three North Carolina public secondary schools were singled out for this award. One of them is a high school having 379 students in a district enrolling 2,441 students.[28] By the DPI's reckoning, both this school and the district that operates it are too small to exist — let alone excel!

Perhaps this was just a fluke; a one time occurrence never to be repeated. No, because in 1984-85 the same thing happened. Of the three NC public secondary schools selected for national praise by the US Department of Education, one had "only" 471 students (less than half of the DPI's proposed ***minimum***) and two of the three high schools were in districts the DPI is hoping to eliminate.[29] Why? Because they are too small to offer a good education!

Another fluke? This year, for the first time, the federal government is identifying elementary schools as part of their initiative to recognize educational excellence. As of this writing, five NC elementary schools are finalist for this award.[30] Two of the five have enrollments way below the DPI's recommended minimium of 500 for elementary schools. Even more revealing is the fact that four of the five schools singled out this year for their excellence are operated by school districts that DPI has decided must be eliminated.

One final note. Only one private school in North Carolina (Carolina Friends School) has been selected by the US Department of Education for inclusion in its Exemplary School Program. This school has a K-12 enrollment of 360, and a high school student body of 103 individuals.

Speaking of exemplary schools, the state operates two secondary units that it regards as "lighthouses" and "showcases" of quality for the rest of North Carolina's schools to emulate. The North Carolina School of Science and Mathematics currently has a total enrollment of 393, while the North Carolina School of the Arts has a high school student enrollment of 227. Neither of these schools come close to

meeting the 1,000 student minimum the DPI recommends for *everyone else* operating high schools in North Carolina.

To conclude this overview of evidence pertaining to the impact of size on measures of educational quality, it seems particularly appropriate to share an excerpt from what is arguably the most thorough and sophisticated analysis of this topic done to date in our state. In 1982, Stephen Schewel completed a 544 page dissertation at Duke University analyzing the history and current consequences of such "managerial reforms" as school consolidation in North Carolina. Ironically, he also completed an internship a few years ago with the DPI's Division of School Planning. Although the DPI report was prepared by the same Division, it neglected to mention Dr. Schewel's study. In any case, his multiple regression analysis of data from 140 NC high schools yielded, in part, the following observations:[31]

> The major conclusion gleaned from the statistical data is that school size matters relatively little in providing school resources or determining school outcomes...In fact, there is no clear resource advantage — and definitely no cognitive output advantage — of a high school of 1,000 pupils or 1,500 pupils over a high school of 500. Large consolidated schools with the accompanying managerial structure do not provide rural pupils with significantly more school resources; and they do not affect pupils' cognitive achievement.

Having now briefly explored the available NC evidence on the relationships among school size, district size and a few indicators of educational performance, let's return to the DPI's contention that "professional opinion" is virtually unanimous in praising big schools and districts, while reviling those units that fall below the size standards the DPI wishes to mandate. After examining some of the professional literature on this subject published in the 1940s, 1950s, 1960s and early 1970s, the author of the Department's report states that: "Although there are those who dispute the findings regarding larger schools and insist upon the virtues of the small school, the literature is overwhelming, and some would say, indisputable" (as to the comparative advantages of big schools and the large school districts that foster them).[32]

Is this true? Certainly at one time educational leaders and opinion makers *were* vocal in their advocacy of school and district consolidation. In his influential 1959 book, James Conant *did* forcefully call for the elimination of high schools having fewer than 100 students in the graduating class. Although Conant's figure was an arbitrary one unsubstantiated even by his own data, it did carry a lot of weight in the decade following its publication.[33]

However, neither time nor knowledge have stood still in the years since Conant and his disciples made consolidation the "trendy" thing for administrators and policymakers to recommend. Indeed, one of the great ironies of the DPI report is the importance it gives to such items as a 1965 study on Arlington, Virginia and a 1968 commission report

about Missouri — while simultaneously ignoring "professional opinions" (other than their own) from across North Carolina today. Soliciting such opinions is beyond the scope of this paper, but it ought not have been impossible for the DPI to thoroughly and accurately discover what North Carolinians involved in education (as teachers, administrators, counselors, students, parents and school board members) believe to be true about the issues of school/district size and mandated mergers.

In the absence of a broad range of opinions from North Carolinians, we have to turn to what today's leading professionals and researchers outside the state believe to be true about these issues. Of course, there is no guarantee that these views will be any more approximate thirty years from now than Conant's views are today. Still, it is remarkable to see how much such opinions have changed as bigness in education has become a *familiar* experience rather than the novelty it was in Conant's era.

An amazing array of assessments of the current problems and prospects of American education, in general, and secondary education, in particular, have placed schools back in the political spotlight across the country. From **A Nation at Risk** to **The Shopping Mall High School**, these documents offer lots of advice about what has gone wrong with our schools, as well as what ought to be done to improve the situation.[34] Some of these studies are very good, others are not — but *all* of them were completely ignored by the author of the DPI's report urging massive mergers.

This "oversight" on the part of the DPI begins to make sense when one realizes what a *non-issue* school and district size/organization have become in the national "debate" about the best strategies for educational improvement. Remember that these were national documents — and the *national* context is one in which there are thousands of school districts, and tens of thousands of schools, that are far smaller and more decentralized than the ones here in North Carolina. Given this circumstance, one would have expected all these top-level analysts and blue-ribbon committees to have raised quite a howl about the need for the nation to be rid of these "uneconomic", "inefficient", and "ineffective" small schools and small, sub-county districts. At least, that is what one reasonably could have expected *if the* DPI *had been correct* about "professional opinion" weighing so heavily (indeed, "indisputably") in favor of ever bigger schools and school districts.

Instead their silence speaks volumes. There have been no Conant-like pronouncements this time about widespread school and school district consolidations being *the priority* for upgrading American education. In fact, there has not been a single one of these national commissions and reports that made bigger schools and districts a feature of its reform agenda. Moreover, when the subject *has been* broached at all, what these leading professionals actually have said

will not be music to the ears of the DPI's mandatory merger merchants.

The research done by Dr. Ron Edmonds and his colleagues on "effective schools" gives priority to such factors as strong and competent leadership on the part of principals, high expectations of student performance, and a healthy school climate for learning.[35] None of these are impossible to achieve in small schools or sub-county districts. In fact, small scale operations sometimes can make the identified characteristics of effective schools easier to create.

Similarily, there is nothing in such respected works as Dr. Ernest Boyer's recent book, ***High School: A Report on Secondary Education in America,*** or Dr. Theodore Sizer's latest volume, ***Horace's Compromise: The Dilemma of the American High School***, that will comfort the advocates of bigger schools and more centralized districts.[36] To the extent that there has been a shift in "professional opinion", it has been a shift away from a naive belief that more "things" (be they courses, facilities, credentials or materials) automatically add up to better education. The kinds of qualitative reforms now being advocated by our most thoughtful researchers, practitioners and policymakers — that is, reforms which are concerned primarily with the quality of the teaching, learning and related interactions actually taking place within each school — are well within the reach of schools and districts we already have in North Carolina.

Of all the studies of American education published in the past few years, none are based on as much longitudinal, systematic national research as Dr. John Goodlad's landmark book entitled, **A *Place Called School: Prospects for the Future***. Dr. Goodlad *did* have a fair amount to say about the issue of size, some exerpts of which are presented below:[37]

> Most of the schools clustering in the top group of our sample on major characteristics were small, compared with the schools clustering near the bottom. It is not impossible to have a good large school; it is simply more difficult...
>
> Surely any arguments for larger size based on administrative considerations are far outweighed by educational ones against large schools...
>
> Conant suggested that a high school with 100 graduating seniors would be sufficiently large to facilitate his recommended curriculum. Some school boards and superintendents concluded, apparently, that more would be better and pushed for school consolidation, usually accompained by extensive busing. Expansion in school size usually was accompained by curricular expansion, the availability of more alternatives, and the teaching and course resources necessary to tracking. I have difficulty arguing the virtue of any of these, given our data...
>
> The burden of proof, it appears to me, is on large size...

Dr. Goodlad's last remark about size is diametrically opposed to the position staked out by the author of the DPI report. As Goodlad says:[38]

> The characteristic "large" appears to be consistently descriptive of the *less* satisfying schools and consistently not descriptive of the more satisfying schools.

What does all this mean? Does the combination of evidence and professional opinion provided in this section add up to a call — on educational grounds — to break down the state's biggest schools and districts into smaller units? Although worse suggestions have been made, the intention here is not to call the educational legitimacy of our larger units into question.

Rather, the point is that the DPI's report does not make a persuasive case that large, county school districts are inherently and consistently able to offer their students the best education possible in our state. Thus, as its own report contends: "If merger does not improve educational opportunity for the children involved, then one of the most critical reasons for merging two or more school systems will have been removed".[39]

The Department's arguments about the *educational necessity* of creating even bigger schools and school districts than we have already in North Carolina simply do not hold up under even modest scrutiny. If there is *any* serious case to be made for *mandating* the merger of each and every school district in our state that is organized at a sub-county level — or that has an enrollment below 5,000 — it is *not* a case based upon accurate and demonstrable *educational* considerations.

SOCIAL AND POLITICAL CONSIDERATIONS

Since the DPI is the agency proposing a massive disruption of the ways in which North Carolina's school systems are now organized, the burden of proof about the necessity of mandating all of these mergers is on them. And yet, as this critique has pointed out, the Department has *not* proven that the state's compelling interests in educational quality and cost-effectiveness will be substantially advanced by eliminating all special chartered and small county school districts. Indeed, there is reason to suspect that such a "reform" actually might be *injurious* to the state's compelling interests in these areas.

However, this does not end the discussion. Even in the absence of direct educational and cost-effectiveness gains, merger advocates will argue that there are "other reasons" for their desire to mandate these across-the-board consolidations. Essentially, these "other reasons" are social and political ones revolving around the issue of equality. In their view, mandatory mergers are required to ensure both fiscal and racial equality across North Carolina.

Is this true? Are all these mergers the only (or at least the best) way to achieve the laudable goals of expenditure equity and racial justice? Each of these important considerations will be examined briefly below.

Once again, however, the DPI has not provided *any* data in support of their belief that consolidation is the key to expenditure equality — nor any case by case projections of the likely fiscal circumstances of the new school systems their proposed mergers would create. Thus, it is difficult to weigh the specific fiscal implications of any (let alone all) of the changes the DPI wishes to mandate. Instead, we are limited to weighing the reasonableness of the assumptions underlying the Department's argument.

The Department identifies some equality-related concerns it assumes consolidation will remedy. One such concern is that the special chartered districts have taxed themselves at a level resulting in higher *local* per pupil expenditures than those found in their "host" counties. Although these local funding disparities only average $141.31 in favor of the special chartered districts, this situation does suggest a small degree of inequality.[40] What's interesting about this "average" figure is the diversity of actual situations it masks. The distribution ranges from one county system that spends $68.73 *more* in local funds on its children than the special chartered unit within its borders — to a city district that allocates $521.18 more in local monies to education than the surrounding county.[41] Most interesting, however, is the fact that in nearly *one-third* of the cases, local per pupil expenditures in the special chartered districts and the county units with which they would merge are *virtually identical*.[42]

Two implications of these facts are worth taking into account. One is that in all those situations where the local funding differences are *already* negligible, merger would bring absolutely no benefits in terms of greater fiscal equality. These units are essentially equal right now. Thus, consolidation in these cases would be irrelevent to the pursuit of equality.

Next, in those cases where local school supplements *are* significantly higher, there are no assurances whatsoever — especially when mergers are mandated against local will, rather than desired by all parties — that voters will continue to so generously support the merged system. Indeed, isn't it just as plausible that a voter backlash against the state's strong-arm tactics would diminish local tax supplements for the schools? Even when this resentment doesn't prevail, the basic choices available to voters will be: a) to substantially raise local taxes in order to bring everyone up to the level of the highest spending district in the county; or b) to hold local taxes steady and, thereby, achieve "equality" by *lowering* the overall level of local per pupil supplements.

Two questions. How likely is it that voters will be inclined to significantly raise taxes to support a new, merged school system whose creation they actively oppose? What children will benefit from the alternative situation in which the overall amount of local funding is slashed — even if, on paper, such cuts result in greater fiscal "equality"?

When the first line of defense for the equalizing effects of mandatory statewide mergers begins to crumble, the DPI's consolidation advocates move to their fallback position. Ironically, their second argument is the *inverse* of the first one. This time the problem is said to be that: "The wealth is shifting from the special chartered school districts to the county administrative units as residential, industrial, and commercial growth favors the suburban and rural areas".[43] In other words, the implication is that city districts are being abandoned and soon will no longer have a tax base sufficient to either "keep up" with the surrounding county or provide a good quality education with their own local resources.

How well does this hold up, on closer examination, as a rationale for eliminating all special chartered units in North Carolina? In order to answer this question, three facts need to be kept in mind. First, the overwhelming majority (approximately 75%) of the funds that support public education in North Carolina are state and federal monies. Accordingly, the local tax base (while certainly an important factor) is not the foundation upon which school expenditures rest in our state. For example, on average, even a 50% difference in local funding between two districts only means a little more than a 10% difference in the overall number of dollars spent on students in each system.

Second, it doubtless is true that wealth is shifting away from *some* special chartered units. However, are we supposed to believe that

Asheville is becoming a ghost town — or that Chapel Hill's tax base is crumbling into ruins? There is no evidence that this outflow is either consistently true across the state, or that the resulting redistribution of wealth would even potentially damage the fiscal integrity of more than a handful of the special chartered districts. Remember too that, at present, three quarters of the special chartered districts still have a per pupil tax base higher than their surrounding county. The real point here is that mandating the merger of *all* special chartered districts in order to help a few expand their tax base is a very inefficient and inappropriate method of inducing fiscal equality.

The third, and most important, fact about mergers as a mechanism for the equalization of educational finance across North Carolina is that ***they will have absolutely no effect on spending disparities among counties within our state.*** In other words, mergers will do nothing to prevent any county from taxing itself at a level that results in local per pupil expenditures being way out of line (high *or* low) with the state average — or with neighboring districts.

If the state wishes to promote genuine fiscal equality (or, even better, *resource equity*) among North Carolina's school systems, then it should encourage legislation — and implement resource distribution formulae — that directly produce such a result. For the reasons previously stated, a massive series of forced mergers is a very clumsy, indirect — and ultimately ineffective — way to bring about a fair distribution of educational resources.

The same lesson basically applies to the issue of mergers as a method of fostering racial balance within North Carolina's public schools. The discussion of this topic in the DPI report was obtuse, but the questions are clear. Are all of the school districts the Department wants to eliminate through mandated mergers notably racially imbalanced, given the racial distribution of their county's population? Would these mergers consistently result in the creation of new school systems in which the racial balance would be signicicantly more equal? If the answer is "yes" to both questions, then a case could be made for the elimination of these sub-county units on a civil rights grounds.

Many people (myself included) have suspected that racial segregation was the driving force behind the creation and preservation of the sub-county school districts found throughout North Carolina. In other words, the suspicion has been that their "special charter" was actually just a license to keep the races apart. In some cases, this meant that the city system would be predominantly Black (and /or Native American), while the county unit would be disproportionately White. In other places, there was a reversal in the scenario (with the Whites dominating the city system) but the segregation remained the same.

However, the data simply do not support the "racist conspiracy"

TABLE 8

Racial Balance in NC Special Chartered and Host County School Districts, Actual and Projected

District	Actual Balance, 1983 White (%)	Actual Balance, 1983 Non-White (%)	Projected Balance with Merger* White (%)	Projected Balance with Merger* Non-White (%)
Alamance	77	23	73	27
Burlington	67	33		
Beaufort	56	44	58	42
Washington	59	41		
Buncombe	94	6	88	12
Asheville	59	41		
Cabarrus	83	17	81	19
Kannapolis	75	25		
Catawba	91	9	86	14
Hickory	73	27		
Newton-Conover	82	18		
Cleveland	72	28	70	30
Kings Mountain	76	24		
Shelby	59	41		
Columbus	57	43	58	42
Whiteville	60	40		
Cumberland	60	40	56	44
Fayetteville	41	59		
Davidson	96	4	87	13
Lexington	64	36		
Thomasville	58	42		
Durham	69	31	49	51
Durham City	12	88		
Edgecombe	36	64	41	59
Tarboro	50	50		
Franklin	50	50	47	53
Franklinton	36	64		
Guilford	81	19	63	37
Greensboro	49	51		
High Point	53	47		
Halifax	12	88	24	76
Roanoke Rapids	91	9		
Weldon	17	83		
Henderson	97	3	94	6
Hendersonville	74	26		
Iredell	84	16	75	25
Mooresville	72	28		
Statesville	51	49		
Lenoir	67	33	49	51
Kinston	26	74		
Nash	53	47	46	54
Rocky Mount	35	65		
Orange	70	30	72	28
Chapel Hill	74	26		
Pitt	50	50	48	52
Greenville	43	57		
Polk	89	11	86	14
Tryon	76	24		
Randolph	93	7	91	9
Asheboro	84	16		
Robeson	17	83	25	75
Fairmont	25	75		
Lumberton	48	52		
Red Springs	22	78		
Saint Pauls	45	55		
Rockingham	75	25	71	29
Eden	79	21		
W. Rockingham**	77	23		
Reidsville	55	45		
Rowan	82	18	77	23
Salisbury	46	54		
Sampson	57	43	55	45
Clinton	48	52		
Stanly	87	13	83	17
Albemarle	70	30		
Surry	95	5	95	5
Elkin	91	9		
Mt. Airy	89	11		
Union	82	18	76	24
Monroe	50	50		
Wayne	68	32	56	44
Goldsboro	22	78		

*Note: The projections were made by adding the actual number of white and non-white students in each special chartered district to the actual members for the relevant host county. This projection assumes that all students currently enrolled would stay enrolled in the merged district.

**Formerly Madison-Mayodan.

theory for the great majority of these special chartered systems. As Table 8 clearly shows, ***out of the thirty counties that would be affected by the DPI's merger plans for special districts, there are only five (Durham, Guilford, Halifax, Lenoir and Wayne) in which merger has the potential to dramatically change a racially imbalanced set of school districts into a far more racially balanced unified system.***[44] And, even in these five, whether merger would end up resulting in a genuine racial balance is an open question. A significant level of movement to private schools (or other school systems) would determine these results — as would such racist tactics as officially desegregating the *system* while leaving the schools themselves segregated (or promoting racial tracking *within* schools).

In the other twenty-five counties, merger would have a minor impact, no impact or even a *counterproductive* impact on the achievement of racial balance. For example, it is very difficult to imagine how consolidation could be rationalized as promoting racial justice in situations like Columbus County, where the county system is 57% White/43% Non-White, the city system (ironically named Whiteville) is 60% White/40% Non-White, and the merged system would be 58% White/42% Non-White. More disturbing are the several cases in which merger would have the unintentional side effect of eliminating some of the state's most racially balanced school systems. Think, for example, of Reidsville where the current distribution is 55% White/45% Non-White, but which would end up in a consolidated district with a 71% White/29% Non-White racial balance. Alternatively, consider the case of St. Pauls in which the current distribution is 45% White/45% Black/10% Native American — a balance that would change to 25% White/75% Non-White if a merger took place.

The conclusion is obvious. If there is a compelling state interest to promote racial balance through mergers, then it should do so ***only in those specific instances where such intervention actually will produce the results being sought.*** The kind of *wholesale, statewide* merger strategy the DPI has put forward will not advance the cause of racial justice. In most cases, its merely irrelevant. In other instances, it could be an impediment to genuine racial balance in our schools.

CONCLUSIONS

There are numerous other arguments that could have been made *against the proposed policy of mandating the elimination of all small and sub-county school systems in North Carolina*. For example, one could have easily and persuasively describe the virtues of decentralized decision-making and the right of citizens in a democracy to have a strong hand in shaping the institutions that most directly affect their lives — and those of their children.

One could have advanced a political argument that points out the folly of making such sweeping proposals for change without fully consulting (let alone receiving the blessings of) the local educators, policymakers, administrators, school board members, community leaders, parents and taxpayers whose goodwill and active support are *crucial*. Similiarly, it would have been easy to make a big point of the political contradiction inherent within the DPI's efforts to engender increased public confidence in education while simultaneously trying to mandate all these consolidations — a policy shift that predictably would enflame negative passions and alienate large segments of public education's constituency across North Carolina.

One also could have presented all the evidence in favor of the educational, psychological and social benefits of small schools and community-based school systems.[45] For instance, there has been a good deal of research done that indicates that students in small schools have more opportunities to develop leadership skills, become *participants* in school activities (rather than passive observers and consumers) and develop strong individual relationships with their teachers.[46] Conversely, there is evidence that warns of the extent to which student alienation and anti-social behavior are correlated with large, impersonal schools in which individuals all too easily get lost in the crowd.[47]

International comparisons are popular these days. It would have been simple to present reams of documentation about how the world's other developed nations depend far more than the U.S. on small schools.[48] In fact, the average size of schools in North Carolina today would strike many leading educators in Europe and the other industrial democracies as *already* being unreasonably large. Contrast the DPI's position on school size with the official position in Norway — a country with very high educational attainment and achievement rates. In 1978, the Norwegian Parliament enacted legislation ***making it illegal to operate a school having more than 450 students*** — on the grounds that schools bigger than that no longer would be *educating individuals*; they merely would be processing people through the institution.[49]

All of these arguments (and more) *could have* been made against the wisdom of mandating across-the-board school district mergers in our state. However, writing such a detailed paper was not the

intention here. Rather, the purpose was simply to critique the Department of Public Instruction's recent report advocating the elimination of each and every small and/or sub-county school system in North Carolina.

What this critique has revealed is a rather spectacular failure on the part of the report's authors to mount a creditable case for implementing such a sweeping and disruptive policy. The DPI ended its report by claiming that "it is an inescapable conclusion" that all these forced mergers are necessary. And yet, this critique has demonstrated that one need not be a Houdini to escape from the case the DPI has constructed. One need only examine the best recent evidence within North Carolina and beyond — and use a bit of common sense — to discover all the gaping holes and false foundations in the DPI's report.

As the previous sections showed, there is no reason to believe that the elimination of *all* small and special chartered districts will save the state significant amounts of money, result in greater cost-effectiveness, produce a higher quality of education or promote genuine fiscal or racial equity. Therefore, ***there is no compelling state interest in mandating (or even encouraging) such a dramatic school and school district consolidation initative***. And, in the absence of a compelling state interest that overrides all the predictably negative consequences of this initiative, the Department should *withdraw* its report from further consideration by the State Board of Education — and *cease* all activities designed to find either a legislative or administrative mechanism through which this merger initiative can be implemented.

Does this mean that we ought to perpetually maintain the exact number of school systems we have in North Carolina today? Of course not. There may be particular places where district reorganization would be the best possible alternative for solving the problems and realizing the potential of the school systems involved. And, needless to say, there are (and will continue to be) places where keeping the current organizational arrangements intact is the most appropriate and advantageous alternative.

If the benefits *for all concerned* are significant and clear, then it is reasonable to expect that a merger would be entered into with the active cooperation and support of the local people and institutions who are the intended beneficiaries. Thus, under normal conditions, the impetus for reorganization ought to be a local one — and the ultimate decision should remain firmly in the hands of local voters and/or local school boards (as is the case now under North Carolina law).[50]

However, there may exist now (or arise in the future) a specific situation in which a school district is operating in a manner *contrary* to essential state interests — or, far more important, in a manner demonstrably *harmful* to the best interest of the children affected. If the problems cannot possibly be corrected in the context of the existing school district (for example, by a change in leadership or an

infusion of needed resources) then the state has both a right and an obligation to intervene. However, even in these circumstances, it is incumbent upon the state to establish that the proposed solution (for instance, school district merger) is likely to actually ameliorate the serious problems being addressed.

What this all adds up to is the need for a state policy on school district mergers not terribly different from the one in force at present. Currently, this matter (quite properly) is left to local school boards and citizens to evaluate for themselves. The presumption is that the people closest to the situation can, and will, make reasoned judgments about the merits of various organizational alternatives. And, in those unfortunate few instances when local judgment has failed — and children are suffering as a result — the state *already* has the power to mandate a variety of corrective measures, including reorganization.

The essential point is that abolishing school districts is a very serious decision, and not one that should be taken lightly. The DPI's attempt to force a massive series of mergers statewide, based upon essentially *arbitrary* numerical criteria (e.g., 5,000 minimum enrollment in a school district) — as well as its unsubstantiated claims that the county is an inherently better unit of government for schooling purposes than sub-county ones — makes a mockery of the serious and complex issues actually involved in making such decisions *wisely*.

Why, then, would the DPI advocate all these mandatory mergers? Frankly, this is a perplexing question that has been nagging at me throughout the preparation of this critique. After all, the Department has lots of very bright, well-informed and conscientious people working for it. Although obviously no more than speculation, three answers come to mind.

First, as mentioned earlier, the DPI's document was not the result of an agency-wide inquiry. Instead, it was written by the staff of a section of the DPI having both a strong ideological commitment to consolidation and a perspective on educational issues largely shaped by their responsibility to plan facilitites. Evidently, if one's primary concern is with the most technically-correct spatial distribution of school facilities, consolidation looks better than it does when broader interests and concerns are taken into account.

Second, the merger policy being advocated by the state would further centralize power into the DPI's hands — and few agencies are inclined to resist the temptation to aquire more power. Still, given that North Carolina already has one of the most powerful state education agencies in America, perhaps it is not essential that power be more concentrated at the state level.

And third, there *is* one "efficiency" gain these mergers would promote — it would make life easier and more convenient for the

Department's staff. After all, there would be nearly one-third fewer school systems with which DPI would have to interact. However, it is by no means clear that making life better for the DPI's staff ought to be the driving force in North Carolina's educational policymaking — especially when the DPI's internal interests do not coincide with the best interests of the state's children and communities.

Although it is beyond the scope of this critique to provide a detailed plan for dealing with the issues of school and school district organization in our state, there are a few final points and suggestions readers may wish to consider. They are as follows:

1. Merger decisions are too complex and far-reaching in their impact to be made any way other than on a *case-by-case* basis — and as a result of a thorough and impartial assessment of all relevant factors and perspectives.

2. Good schools and school districts come in all shapes and sizes (as do poor ones) — and therefore, educational policies which place too much reliance on *any* rigid size and criteria (e.g., county level systems with enrollments over 5,000) are likely to have counterproductive effects.

3. Since directly mandating across-the-board mergers will *not* advance any compelling state interest, the state should *discontinue* all "backdoor" approaches to the same end — e.g., the use of facility planning, a narrow interpretation of the Basic Education Program's provisions, or the funding of key positions by county instead of by school districts as indirect (but powerful) methods of forcing districts out of existence.

4. There *are* a variety of alternatives to consolidation (such as the voluntary sharing of resources across district lines, or the expansion of services provided through the DPI's regional education centers) that can expand educational opportunities and enhance cost-effectiveness — without abolishing existing units.

5. Most important, organizational issues like merger are *very rarely* the key to enhancing the quality and efficiency of public education. Occasionally, making schools and school districts bigger (or smaller!) is helpful, but more often it is merely a *diversion* away from the greater task of finding new ways to positively influence the lives of children and to increase the effectiveness of those who work in their service.

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[13] Richard J. Butler and David H. Monk, "The Cost of Public Schooling in New York State: The Role of Scale and Efficiency in 1978-79", *Journal of Human Resources* (Vol. 20, No. 3, 1985), p. 377-78.

[14] Peter Coleman and Linda LaRocque, "Economies of Scale Revisited: School District Operating Costs in British Columbia, 1972-82", *Journal of Education Finance* (Summer, 1984), p. 32.

[15] Division of School Planning, *Report of the State*, p. 30. For further refutation of the DPI's position, see for example: Sher and Tompkins, op cit.; Stuart Rosenfeld, "Centralization verses Decentralization: A Case Study of Rural Education in Vermont", in Sher, *Education in Rural America*; Ian W. Hind, "Estimates of Cost Functions for Primary Schools in Rural Areas", *Australian Journal of Agricultural Economics* (Vol. 21, No. 1, 1977); Fred White and Luther Tweeten, "Optimal School District Size Emphasizing Rural Areas", *American Journal of Agricultural Economics* (Vol. 55, No. 1, 1973); David Monk, "The Conception of Size and the Internal Allocation of School District Resources", *Educational Administration Quarterly* (Winter, 1984); Lawrence W. Kenny, "Economies of Scale in Schooling", *Economics of Education Review* (Winter, 1982); Richard Valencia, "Public School Closures and Policy Issues: Financial and Social Implications", *Public Budgeting and Finance* (Spring, 1985); and David Holland, John Baritelle and Greg White, "School Consolidation in Sparsely Populated Rural Areas: A Case Study", *Educational Administration Quarterly* (Winter, 1976).

[16] Division of School Planning, *Report of the State*, p. 21.

[17] Ibid., p. 26-28.

[18] William Fox, "Reviewing Economies of Size in Education", *Journal of Education Finance* (Winter, 1981).

[19] Ibid., p. 290. Exact quote is from the summary of an earlier version published by Dr. Fox as *Relationships Between Size of Schools and School Districts and the Cost of Education* (Washington, D.C.: U.S. Department of Agriculture, 1980). Note: Dr. Fox was contacted by telephone in April, 1986 and confirmed that his work did **not** imply that 5,000 students (or any other fixed number) was the optimal enrollment to achieve school district economies and efficiencies.

[20] Division of School Planning, *Report of the State*, p. 55.

[21] Ibid., p. 68 and p. 62.

[22] For data on expenditure comparisions among these states, see: Gary Watts and W. Frank Masters, Jr., *Ranking of the States, 1985* (Washington, D.C.: National Education Association, 1985).

[23] Ibid. Note: The point is that while these top-performing states did (at least, in most cases) spend more per pupil than the states performing poorly on these measures, they did **not** spend exorbitant amounts in order to achieve these results.

[24] Beginning, perhaps, with the Coleman report in 1966 on equal educational opportunity, there have been dozens of scholarly books and research studies showing that variance in student achievement **cannot** be explained by "input" differences among schools. Instead, the two most important correlates of student success appear to be family background (e.g., socio-economic status) and a set of **qualitative** factors within schools (e.g., motivation, leadership, attitudes and expectations, etc.).

[25] The data sources for Tables 4 and 5 are: Controller's Office, *North Carolina Public Schools, Statistical Profile*, 1985 (Raleigh, NC: North Carolina Board of Education, 1985); and a list of 1983-84 High School ADM Figures published by the North Carolina High School Athletics Association. Note that "small" districts are defined (to be consistent with the DPI's report) as those enrolling fewer than 5,000 students, "midsize" refers to those enrolling between 5,000 and 15,000 pupils, and "large" districts enroll more than 15,000.

[26] The data source for Tables 6 and 7 are: Division of Research, *Report of Student Performance (Fall, 1985) NC Competency Test Program* (Raleigh, NC: State Department of Public Instruction, 1985); Controller's Office, op cit.; and the NCHSAA list.

[27] For specific data and rankings, see: Division of Research, *Report of Student Performance (Update Spring 1982 - Spring 1985) NC Annual Testing Program* (Raleigh, NC: State Department of Public Instruction, 1985).

[28] The reference is to Manteo High School in Dare County.

[29] The "small" school referred to is John Holmes High School in Edenton. The "small" districts referred to are Chowan County and Davie County.

[30] According to a telephone conversation with Dr. Betty Wallace of the DPI, the elementary finalists from North Carolina are: Sunbury (enrollment 265) in Gates County (enrollment 1669); Park View (enrollment 386) in Mooresville (a special chartered district with an enrollment of "only" 2,406); Ira B. Jones in Asheville (a special chartered school district); W. G. Pearson in Durham City (a special chartered school district); and Brevard in Transylvania County (enrollment 4,345).

[31] Stephen M. Schewel, *Educating the Country: Managerial Reform and the Promise of Rural Schools*, 1890-1980 (Doctoral Dissertation, Duke University, 1982), p. 499-501.

[32] Division of School Planning, *Report of the State*, p. 10.

[33] For an analysis of the methodological and interpretative faults of Conant's book, *The American High School Today* (New York: McGraw-Hill, 1959), see: Sher and Tompkins, op cit.

[34] For a useful introduction to most of the key documents in this latest wave of school reform reports and recommendations see: Beatrice and Ronald Gross, *The Great School Debate* (New York: Simon and Schuster, 1985).

[35] See, for example, Ron Edmonds and J. R. Frederiken, *The Search for Effective Schools* (Cambridge: Harvard University, 1978). A volume in this same vein is: Michael Rutter, *Fifteen Thousand Hours: Secondary Schools and Their Effects on Children* (Cambridge: Harvard University Press, 1982).

[36] Ernest L. Boyer, *High School* (New York: Harper and Row, 1983) and Theodore R. Sizer, *Horace's Compromise* (Boston: Houghton Mifflin Co., 1984).

[37] John I. Goodlad, A *Place Called School* (New York: McGraw-Hill, 1984), p. 309-10.

[38] Ibid., p. 251.

[39] Division of School Planning, *Report of the State*, p. 65.

[40] Ibid., p. 52.

[41] Ibid., p. 51.

[42] Ibid., p. 51.

[43] Division of School Planning, *Special Chartered*, p. 3.

[44] Ibid., p. 14-15. This is the data source for the calculations made in preparing Table 8. Note that these are aggregate statistics at the school **district** level — and thus, the issue of racial balance at the **school** level (before, or after, merger) is not addressed by these data. It also should be noted that since 1983, Cumberland County/Fayetteville, as well as Pitt County/Greenville have merged.

[45] See, for example: Paul Nachtigal, *Rural Education: In Search of a Better Way* (Boulder, CO: Westview Press, 1982); Faith Dunne, "Choosing Smallness: An Examination of the Small School Experience in Rural America" in Sher, *Education in Rural America*; Faith Dunne, "Reform and Resistance: Rural School Improvement Projects in the United States" in Sher, *Rural Education in Urbanized Nations*; Thomas Gjelten, *Schooling in Isolated Communities* (Portland, ME: Maine Department of Education, 1978); Ray Barnhardt, et al., *Small High School Programs for Rural Alaska* (Fairbanks: University of Alaska, 1978); Judith Kleinfeld, et al., *Alaska's Small Rural High Schools: Are They Working?* (Fairbanks: University of Alaska, 1985); William Dreier, "The Performance of Six Small Rural High School Districts in Iowa" (Las Cruces, NM: Eric/Cress, 1984); Richard Valencia, op cit.; James Jess, op cit.; James Guthrie, op cit.; and Stephen Schewel, op cit.; Daryl Hobbs, "Rural Education: The Problems and Potential of Smallness", *The High School Journal* (April, 1981); Bruce Barker, *The Advantages of Small Schools* (Las Cruces, NM: Eric/Cress, 1986).

[46] The classic work in this field is: Roger Barker and Paul Gump, *Big School, Small School* (Stanford, CA: Stanford University Press, 1964). Many of the authors cited in reference #45 above have more recently built upon and extended the arguments made by Barker and Gump. Other recent evidence includes: Paul Lindsay, "The Effect of High School Size in Student Participation, Satisfaction and Attendance", *Educational Evaluation and Policy Analysis* (Spring, 1982); and Weldon Beckner, *The Case for the Smaller School* (Bloomington, Indiana: Phi Delta Kappa Educational Foundation, 1983).

[47] See, for example: National Institute of Education, *Violent Schools — Safe Schools* (Washington, D.C.: U.S. Government Printing Office, 1978); James Garbarino, "The Human Ecology of School Crime" in *Theoretical Perspectives on School Crime* (Hackensack, NJ: National Council on Crime and Delinquency, 1978); J. McPortland and E. McDill, *The Unique Role of Schools in the Causes of Youthful Crime* (Baltimore, MD: Johns Hopkins University, 1976); J. Garbarino, "Some Thoughts on School Size and Its Effects on Adolescent Development", *Journal of Youth and Adolescence* (Vol. 9, No. 1, 1980); and A. Powell, D. Cowen and E. Farrar, *The Shopping Mall High School* (Boston: Houghton Mifflin, 1985).

[48] For a detailed discussion, see: Sher, *Rural Education in Urbanized Nations*. For a recent Canadian example of how state education agencies **can** approach school size issues in a **very** different way than the North Carolina DPI, see: Planning and Research Branch, *Small School/Large School Comparative Analysis*, (Edmonton: Alberta Department of Education, 1984).

[49] Sher, *Rural Education in Urbanized Nations*, p. 56-57. For additional details, see *Policies for Basic Education: Norway's Statement* (Paris: Organization for Economic Cooperation and Development, 1978).

[50] Division of School Planning, *Special Chartered*, p. 24-5.